

5 JAN 1978

MEMORANDUM FOR: Career Management Staff, DDA

FROM: James H. McDonald  
Director of Logistics

SUBJECT: OMB Bulletin, "Guidelines for the Use  
of Consultant Services"

REFERENCE: Form 610 dtd 23 Dec 77 to DDA/CMO  
fm C/Contract Personnel Division,  
same subject (OL 7 5818)

1. Action Requested: None; this memo responds to your 23 December call for comment on subject.

2. Background: On 6 July 1977, the DCI responded to a 12 May 1977 Presidential memorandum by providing information on practices adhered to by CIA in the employment of consultants. The draft bulletin now being circulated for comment covers: (a) personnel appointments, (b) procurement contracts, and (c) advisory committee membership. Comments herein are applicable to procurement contracts only, since this is the only area of coverage for which this Office has responsibility. We also note that our comments are applicable only for Agency-funded contracts since we have no procurement responsibility for National Program contracting.

3. Staff Position: The draft bulletin appears to be generally acceptable; however, we do note possible problems in the following areas:

a. Paragraph 8.b. states that the Federal Procurement Data System (FPDS) will have data on contract arrangements. This is a problem for CIA. Since a large percentage of our contracts are classified with regard to our association with a particular contractor,

OL 7 5818a

SUBJECT: OMB Bulletin, "Guidelines for the Use of Consultant Services"

and also because of classification of our budget, we have not thus far provided input to FPDS. This policy decision is consistent with the statutory responsibility of the DCI to protect sources and methods and should continue.

b. The list of inclusions and exceptions on page one of the draft circular includes, among the exceptions, those types of personal services sometimes acquired under procurement contracts and property lists-- as inclusions, those types of personal services ordinarily purchased via personal service contracts written by Office of Personnel. We believe that "Services of a Federal Funded Research and Development Center" should be moved from the "Services Included" category to "Services Excluded." Procurement contracts are placed with such institutions to perform various types of studies and/or research and development which do not constitute personal services and should not be treated as consultant contracts. If the intent is to apply some restriction on truly "personal service" arrangements with such institutions, then OMB should further define its restriction or include qualifiers of some sort so as not to preclude or encumber acquisition of services from such institutions.

4. Recommendation: It is recommended that comments herein be considered in preparation of an Agency response to OMB in the subject draft circular. STATINTL

  
James H. McDonald

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9 JAN 1978

Memorandum For: Acting Deputy Director for Administration

From : [REDACTED]  
Acting Director of Personnel

Subject : Draft OMB Bulletin "Guidelines for the  
Use of Consultant Services"

Reference : Your request for comments, dated 27 December 1977

1. The draft OMB Bulletin forwarded to this office with your note of 27 December 1977 has been reviewed with the following observations as to certain specific applications to CIA:

A. Paragraph 5b (page 3) - "Consultant services will be obtained only on an intermittent or temporary basis; repeated or extended arrangements are not to be entered into."

While our consultants under [REDACTED] are used on an STATINTL intermittent basis, nineteen of them have been on board as consultants more than five years and twelve of those nineteen have been consultants to the Agency for ten or more years. Since these individuals possess an expertise in their particular specialty, it would appear that their value to the Agency does not decrease with the passage of time.

B. Paragraph 5g (page 3) - "OMB Circular No. A-63, Advisory Committee Management, governs policy and procedures regarding advisory committee membership."

A copy of that Circular and its attachment, dated 19 July 1974, indicates CIA is exempt from responding to its requirements.

C. Paragraph 7 (page 5) "Each agency will establish specific levels of delegation of authority to approve the use of consultant services, based on the policy and guidelines contained in this Bulletin. Approval of all consultant arrangements should be required at a level above the organization sponsoring the activity."

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The approval of the DCI is required for those individuals engaged as consultants under [REDACTED]. That level of approving authority should continue.

D. Paragraph 8 (page 6) - "Data Requirements. By October 1, 1978, the following data systems will have the capability to provide information on consultant service arrangements within the executive branch:

a. Central Personnel Data File (CPDF), operated by the Civil Service Commission, will have data on personnel appointments, segregating consultants (as defined in this Circular), experts and advisory committee members (as defined in OMB Circular No. A-63).

b. Federal Procurement Data System (FPDS) will have data on contract arrangements.

c. Advisory committee data will continue to be maintained in accordance with OMB Circular No. A-63."

This would pose security problems and we should request an exception. No CIA personnel information is stored by the Civil Service Commission. We should not include CIA information in computer-driven data systems outside the Agency.

2. With the exceptions noted above, the guidelines appear to be acceptable.

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM: [REDACTED]  
Chief, Contract Personnel Division  
5E-65 Hqs.

EXTENSION

NO.

DATE

23 December 1977

STATINTL

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1. DDA/CMO  
Attn [REDACTED]

2. 7D18

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7. Chief, Contract Personnel  
Division 5E-65 Hqs.

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To 1: Reference A is the Director's response to the Director, Office of Management and Budget concerning the Agency's utilization of consultants.

Reference B from the Acting Director, OMB requests the Agency's comments on a draft OMB Bulletin "Guidelines for the Use of Consultant Services." As you will note in paragraph 3 of the draft, the guidelines are expanded to apply to a wider spectrum of individuals' usage.

In order that we may have the benefit of any input which you wish to make on the OMB proposed guidelines, could you forward your comments to me by 13 January 1978 please.

I suggest you may wish to send copies of the attached to the Directors of Logistics, Communications, Data Processing, Training, Medical Services, Security and Finance for any comments they may have.

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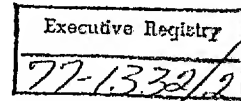
*Pet*  
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*Also make copy of entire  
package for each office director  
requesting replies by COB 6 Jan 78*

*done*  
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Washington, D. C. 20505



6 July 1977

The Honorable Bert Lance, Director  
Office of Management and Budget  
Washington, D. C. 20503

Dear Bert:

(U) This letter is in response to the President's memorandum of 12 May 1977 directing a review of the use of consultants.

(C) The principal purposes for which consultants' services in CIA are being provided are:

-- To obtain for the Director and the Deputy Director views and advice of highly qualified individuals in a few specialized areas requiring expertise not available by any other means.

-- To obtain legal advice based upon highly specialized experience and qualifications in the legal profession not available from among Government employees nor possessed by persons available for Government employment.

-- To provide specialized scientific and technical advice in such areas as image data processing techniques, technical collection systems, low temperature phenomena, electronic communications systems, disciplines of optical design and fabrication, missile and space programs, paper making, photographic imagery, neurophysiological research, behavioral studies, Soviet computer developments, missile-borne computers, Soviet weapons systems, nuclear power energy, food and agriculture problems in major less-developed countries, and economic research in a variety of areas.

(U) All Agency consultants are engaged under personal services contracts, with the exception of one individual who is appointed.

CLASSIFIED	Signer
DIRECTOR, CENTRAL INTELLIGENCE AGENCY	
EXEMPTED BY E.O. 11652, JAN. 27, 1976	
§ 5.4(a), O. G. P. 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 2.0, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 3.0, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 4.0, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.0, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 6.0, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 7.0, 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 8.0, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 9.0, 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.9, 10.0, 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8, 10.9, 11.0, 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9, 12.0, 12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9, 13.0, 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, 14.0, 14.1, 14.2, 14.3, 14.4, 14.5, 14.6, 14.7, 14.8, 14.9, 15.0, 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.7, 15.8, 15.9, 16.0, 16.1, 16.2, 16.3, 16.4, 16.5, 16.6, 16.7, 16.8, 16.9, 17.0, 17.1, 17.2, 17.3, 17.4, 17.5, 17.6, 17.7, 17.8, 17.9, 18.0, 18.1, 18.2, 18.3, 18.4, 18.5, 18.6, 18.7, 18.8, 18.9, 19.0, 19.1, 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69.0, 69.1, 69.2, 69.3, 69.4, 69.5, 69.6, 69.7, 69.8, 69.9, 70.0, 70.1, 70.2, 70.3, 70.4, 70.5, 70.6, 70.7, 70.8, 70.9, 71.0, 71.1, 71.2, 71.3, 71.4, 71.5, 71.6, 71.7, 71.8, 71.9, 72.0, 72.1, 72.2, 72.3, 72.4, 72.5, 72.6, 72.7, 72.8, 72.9, 73.0, 73.1, 73.2, 73.3, 73.4, 73.5, 73.6, 73.7, 73.8, 73.9, 74.0, 74.1, 74.2, 74.3, 74.4, 74.5, 74.6, 74.7, 74.8, 74.9, 75.0, 75.1, 75.2, 75.3, 75.4, 75.5, 75.6, 75.7, 75.8, 75.9, 76.0, 76.1, 76.2, 76.3, 76.4, 76.5, 76.6, 76.7, 76.8, 76.9, 77.0, 77.1, 77.2, 77.3, 77.4, 77.5, 77.6, 77.7, 77.8, 77.9, 78.0, 78.1, 78.2, 78.3, 78.4, 78.5, 78.6, 78.7, 78.8, 78.9, 79.0, 79.1, 79.2, 79.3, 79.4, 79.5, 79.6, 79.7, 79.8, 79.9, 80.0, 80.1, 80.2, 80.3, 80.4, 80.5, 80.6, 80.7, 80.8, 80.9, 81.0, 81.1, 81.2, 81.3, 81.4, 81.5, 81.6, 81.7, 81.8, 81.9, 82.0, 82.1, 82.2, 82.3, 82.4, 82.5, 82.6, 82.7, 82.8, 82.9, 83.0, 83.1, 83.2, 83.3, 83.4, 83.5, 83.6, 83.7, 83.8, 83.9, 84.0, 84.1, 84.2, 84.3, 84.4, 84.5, 84.6, 84.7, 84.8, 84.9, 85.0, 85.1, 85.2, 85.3, 85.4, 85.5, 85.6, 85.7, 85.8, 85.9, 86.0, 86.1, 86.2, 86.3, 86.4, 86.5, 86.6, 86.7, 86.8, 86.9, 87.0, 87.1, 87.2, 87.3, 87.4, 87.5, 87.6, 87.7, 87.8, 87.9, 88.0, 88.1, 88.2, 88.3, 88.4, 88.5, 88.6, 88.7, 88.8, 88.9, 89.0, 89.1, 89.2, 89.3, 89.4, 89.5, 89.6, 89.7, 89.8, 89.9, 90.0, 90.1, 90.2, 90.3, 90.4, 90.5, 90.6, 90.7, 90.8, 90.9, 91.0, 91.1, 91.2, 91.3, 91.4, 91.5, 91.6, 91.7, 91.8, 91.9, 92.0, 92.1, 92.2, 92.3, 92.4, 92.5, 92.6, 92.7, 92.8, 92.9, 93.0, 93.1, 93.2, 93.3, 93.4, 93.5, 93.6, 93.7, 93.8, 93.9, 94.0, 94.1, 94.2, 94.3, 94.4, 94.5, 94.6, 94.7, 94.8, 94.9, 95.0, 95.1, 95.2, 95.3, 95.4, 95.5, 95.6, 95.7, 95.8, 95.9, 96.0, 96.1, 96.2, 96.3, 96.4, 96.5, 96.6, 96.7, 96.8, 96.9, 97.0, 97.1, 97.2, 97.3, 97.4, 97.5, 97.6, 97.7, 97.8, 97.9, 98.0, 98.1, 98.2, 98.3, 98.4, 98.5, 98.6, 98.7, 98.8, 98.9, 99.0, 99.1, 99.2, 99.3, 99.4, 99.5, 99.6, 99.7, 99.8, 99.9, 100.0	
Impossible to Determine	
(unless impossible, insert date or event)	

(C) The Agency currently has 56 consulting arrangements. Total costs for Fiscal Year 1977 are estimated at \$150,000.

(C) We have procedures in the Agency to prevent abuses. The hiring of a consultant requires the official approval of the Director following a full explanation of purpose, and General Counsel clearance of the individual with regard to conflict of interest. Consultant contracts are written on a fiscal year basis with the Director personally approving any extension beyond the current fiscal year. If compensation is authorized, the maximum rate is \$168.96 per day (the daily rate for the top step of a GS-15). Ten consultants serve without compensation. For most of our consultants, their services are required less than 15 days per year.

25X1A

You 

STANSFIELD TURNER



SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
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<b>OFFICIAL ROUTING SLIP</b>			
TO	NAME AND ADDRESS	DATE	INITIALS
1	EO/DDA	12/15 13 DEC 1977	<i>[Signature]</i>
2	MR. JANNEY		<i>[Signature]</i>
3			
4	ADDA	14 DEC 1977	<i>[Signature]</i>
5	AD/Pers	15 DEC 1977	<i>[Signature]</i>
6	DISPATCH CICAD	15 DEC 1977	<i>[Signature]</i>
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
DDA 77-6394			
<b>Remarks:</b> 4-5 Your action. Note deadline and make sure your reply is coordinated w/ all the Directorate - - 2 - D. J. Persinger 26 Jan 77 <i>[Signature]</i> A/Pers 14 DEC 1977			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
Michael J. Malanick, Acting DDA			14 Dec 77
UNCLASSIFIED		CONFIDENTIAL	SECRET

UNCLASSIFIED	CONFIDENTIAL	SECRET
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**EXECUTIVE SECRETARIAT**  
Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
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Remarks:

*Sub develop DCI response*



*9 Mar*  
Date

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